## SECOND REGULAR SESSION

## **HOUSE BILL NO. 1156**

## 91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES BERKOWITZ, COPENHAVER, BARRY, WILSON (42), LUETKEMEYER, RICHARDSON, LADD BAKER, OSTMANN, WHORTON, MERIDETH, CAMPBELL, BARTELSMEYER AND BOWMAN (Co-sponsors).

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TED WEDEL, Chief Clerk

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## **AN ACT**

Relating to Medicaid reimbursement rates for long-term care facilities.

Be it enacted by the General Assembly of the state of Missouri, as follows:

- Section 1. 1. The division of medical services in the department of social services shall promulgate rules to permit a Medicaid reimbursement rate adjustment for participating long-term care facilities that experience a change in ownership. Such rules shall include provisions that:
  - (1) Permit any participating long-term care facility with a prospective rate to make a written request for an adjustment to its prospective rate due to a change in ownership which occurred within the last three years;
  - (2) Require such written request to clearly and specifically identify the conditions for which the rate adjustment is sought;
  - (3) Require that the dollar amount of the requested rate adjustment be supported by complete, accurate and documented records satisfactory to the division of medical services; and
  - (4) Require the division of medical services to consider a request withdrawn if the division makes a written request for additional information and the facility does not comply within ninety days of such request.
  - 2. A rate adjustment based on a change in ownership shall be permitted if the following conditions are met:
- 18 **(1)** No principal of either the new owner or operating company of the facility was involved in the previous ownership;
- 20 (2) The facility must demonstrate that costs have increased as a result of the change

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of ownership. Increase in costs above the state average shall not be considered and the provider shall demonstrate that the increase in cost contributed to improved quality of care, life or environment for the residents; and

- (3) The facility must demonstrate that current reimbursement is inadequate to meet the cost of providing the improved care, environment, and enhanced quality of life of the resident.
- 3. The division of medical services shall review on a case-by-case basis any request made by a facility and shall consider improved division of aging surveys, costs prior to and after the change of ownership, licensure applications, as well as any other documentation provided by the facility. Rate adjustments shall not exceed the average state reimbursement and shall not exceed the calculated per-resident per-day cost shown on the most recent cost report; except that additional capital components may be considered if the facility can demonstrate that the capital expenditure did in fact enhance the environment for the resident.
  - 4. The rate increase shall be calculated as follows:
- (1) The rate adjustment shall be based on either the facility's most recently filed cost report which occurred under the new ownership or on the state average cost, whichever is lower. The division shall not have the authority to disallow certain cost centers which may be inflated due to the type of ownership or management and may elect to use average state cost in any such disallowed center;
- (2) For capitalized costs, a capital component per diem shall be calculated pursuant to 13 CSR 70-10. The rate adjustment shall be the difference between the capital component per diem prior to the change in ownership and the capital component per diem after the change in ownership.